

**BRIDGES CHARTER SCHOOL  
CHARTER NO. 1203**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
BRIDGES Charter School  
Thousand Oaks, California

### Report on the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of BRIDGES Charter School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis-of-Matter***

As discussed in Note 1 to the financial statements, effective July 1, 2022, the School adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating leases with lease terms greater than one year. As a result of the implementation of this guidance, the School has reported a right-of-use lease asset and corresponding lease liability. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management's for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The schedule of average daily attendance (ADA), schedule of instructional time and reconciliation of the annual financial and budget report with the audited financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The local education agency organization structure is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
October 31, 2023

**BRIDGES CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 1,771,853
Accounts Receivable - Federal and State	666,267
Accounts Receivable - Other	193,528
Prepaid Expenses	31,111
Total Current Assets	<u>2,662,759</u>

**PROPERTY AND EQUIPMENT**

Building	270,125
Equipment	74,082
Less: Accumulated Depreciation	(117,904)
Total Property and Equipment	<u>226,303</u>

Operating Right-of-Use Asset	<u>15,869</u>
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Total Assets	<u><u>\$ 2,904,931</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 265,585
Deferred Revenue	85,815
Current Lease Liability - Operating	14,167
Total Current Liabilities	<u>365,567</u>

**LONG-TERM LIABILITIES**

Long-Term Lease Liability - Operating	1,702
Contingent Liability	252,131
Total Long-Term Liabilities	<u>253,833</u>

Total Liabilities	619,400
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**NET ASSETS**

Net Assets Without Donor Restrictions	1,679,763
Net Assets with Donor Restrictions	605,768
Total Net Assets	<u>2,285,531</u>

Total Liabilities and Net Assets	<u><u>\$ 2,904,931</u></u>
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See accompanying Notes to Financial Statements.

**BRIDGES CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
State Revenue:			
State Aid	\$ 1,051,652	\$ -	\$ 1,051,652
Other State Revenue	365,558	512,054	877,612
Federal Revenue:			
Grants and Entitlements	484,181	-	484,181
Local Revenue:			
In-Lieu Property Tax Revenue	2,326,454	-	2,326,454
Interest Income	51,096	-	51,096
Other Grants and Entitlements	317,896	-	317,896
Other Revenue	198,709	-	198,709
Net Assets Released from Restrictions	274,300	(274,300)	-
Total Revenue	<u>5,069,846</u>	<u>237,754</u>	<u>5,307,600</u>
<b>EXPENSES AND LOSSES</b>			
Program Services	3,430,578	-	3,430,578
Management and General	1,433,701	-	1,433,701
Total Program Expenses	<u>4,864,279</u>	<u>-</u>	<u>4,864,279</u>
Contingent Loss	252,131	-	252,131
Total Expenses and Losses	<u>5,116,410</u>	<u>-</u>	<u>5,116,410</u>
<b>CHANGE IN NET ASSETS</b>	(46,564)	237,754	191,190
Net Assets - Beginning of Year	<u>1,726,327</u>	<u>368,014</u>	<u>2,094,341</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,679,763</u></u>	<u><u>\$ 605,768</u></u>	<u><u>\$ 2,285,531</u></u>

See accompanying Notes to Financial Statements.

**BRIDGES CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Total Expenses
Employee Salaries	\$ 2,032,765	\$ 451,244	\$ 2,484,009
Employee Benefits	781,570	162,764	944,334
Occupancy Costs	19,861	229,888	249,749
Books and Supplies	268,147	6,374	274,521
Services and Other Operating Services	327,691	562,611	890,302
Depreciation	544	20,820	21,364
	<hr/>	<hr/>	<hr/>
Total Functional Expenses	\$ 3,430,578	\$ 1,433,701	\$ 4,864,279
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*See accompanying Notes to Financial Statements.*



**BRIDGES CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 191,190
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	21,364
Noncash Lease Expense	13,771
Noncash Contingent Loss	252,131
Change in Operating Assets:	
Accounts Receivable - Federal and State	(261,659)
Accounts Receivable - Other	(15,695)
Prepaid Expenditures	5,113
Change in Operating Liabilities:	
Accounts Payable	99,944
Deferred Revenue	27,279
Lease Liability - Operating	(13,771)
Net Cash Provided by Operating Activities	<u>319,667</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

319,667

Cash and Cash Equivalents - Beginning of Year

1,452,186

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 1,771,853

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash Paid for Interest	<u>\$ 629</u>
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*See accompanying Notes to Financial Statements.*

**BRIDGES CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

BRIDGES Charter School (the School) is a nonprofit public charter school approved by the Ventura County Office of Education, which started operations in September 2010. The Board of Directors is elected independent of any Ventura County Office of Education appointments. The School board is responsible for approving their own budgets and accounting related activities.

The School is funded principally through State of California public education monies received through the California Department of Education (CDE).

**Basis of Accounting**

The financial statements have been prepared on the accrual method of accounting and accordingly, reflect all significant receivables and liabilities.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses**

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

**Cash and Cash Equivalents**

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

**Receivables**

Accounts receivable consists of funds due from federal and state governments as of June 30, 2023. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

**Property and Equipment**

Property and equipment are stated at cost, if purchased, or at estimated fair value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2023 was \$21,364.

**BRIDGES CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The School leases a copier. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on our balance sheets.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the School uses its incremental borrowing rate or a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**Net Asset Classes**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. According, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The School does not currently have any net assets with donor restrictions that are perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue Recognition**

Amounts received from the CDE are conditional and recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restrictions.

**BRIDGES CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

All contributions are considered to be available for general operating use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Conditional Grants**

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenses in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2023, the School has conditional grants of \$84,556 which is recognized as deferred revenue in the statement of financial position.

**Property Taxes**

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

**Income Taxes**

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

**BRIDGES CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the School reporting a right-of-use asset and lease liability.

**Evaluation of Subsequent Events**

The School has evaluated subsequent events through October 31, 2023, the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise of the following:

Cash and Cash Equivalents	\$ 1,771,853
Accounts Receivable - Federal and State	666,267
Accounts Receivable - Other	193,528
Less: Net Assets with Donor-Restrictions	(605,768)
Total	<u>\$ 2,025,880</u>

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

**BRIDGES CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 CONCENTRATION OF CREDIT RISK**

The School maintains substantially all of its cash in the Ventura County Treasury (the County). The County pools these funds with those of other educational organizations in the county and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or collateralized.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. As of June 30, 2023, the School was not exposed to any such credit risk.

**NOTE 4 ACCOUNTING SERVICES**

The Ventura County Schools Business Services Authority charges the School an administration fee for accounting services. The administrative fee was \$346,371 for the year ended June 30, 2023.

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes:

Subject to Expenditures for Specified Purpose:

Expanded Learning Opportunities Program	\$ 64,779
Child Nutrition Program	92,815
Educator Effectiveness	41,876
Lottery	90,174
Arts, Music, and Instructional Materials Block Grant	180,919
Learning Recovery Emergency Block Grant	135,205
Total	<u>\$ 605,768</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2023:

Satisfaction of Purpose Restrictions:

Expanded Learning Opportunities Program	\$ 50,000
Child Nutrition Program	73,808
Educator Effectiveness	28,266
Lottery	48,902
Special Education	24,669
Expanded Learning Opportunities Grant	48,655
Total	<u>\$ 274,300</u>

**BRIDGES CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 LEASES**

The School leases a copier under a long-term, non-cancelable lease agreement. The lease expires August 2024 and is expected to be renewed or replaced by a similar lease. The lease was calculated at 2.84% based on the School's incremental costs of borrowing.

The School classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year	Operating Leases
2024	\$ 14,400
2025	1,703
Total Lease Payments	16,103
Less: Interest	(234)
Present Value of Lease Liabilities	<u>\$ 15,869</u>

The School recorded \$13,771 in lease expense for the year ended June 30, 2023.

**NOTE 7 EMPLOYEE RETIREMENT**

**Multiemployer Defined Benefit Pension Plans**

Qualified employees are covered under multiemployer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in this multiemployer defined benefit pension plan are different from single employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the School chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multiemployer plan.

**BRIDGES CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)**

**California State Teachers' Retirement System (CalSTRS)**

Plan Description

The School contributes to the State Teachers' Retirement Plan (STRP), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). Plan information for STRP is not publicly available. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Annual Comprehensive Financial Report and Actuarial Valuation Report for the year ended June 30, 2022, total STRP plan net assets are \$300.0 billion, the total actuarial present value of accumulated plan benefits is \$369.5 billion, contributions from all employers totaled \$6.5 billion, and the plan is 81% funded. The School did not contribute more than 5% of the total contributions to the plan. Copies of the CalSTRS annual comprehensive financial reports may be obtained from CalSTRS.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

The School contributions to STRS for the past three years are as follows:

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contribution</u>
2021	\$ 283,071	100%
2022	329,108	100%
2023	367,047	100%



**BRIDGES CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)**

**California Public Employees' Retirement System (CalPERS)**

**Plan Description**

The School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Measurement Report for the year ended June 30, 2022, the School Employer Pool total plan assets are \$79.4 billion, the present value of accumulated plan benefits is \$113.8 billion, contributions from all employers totaled \$3.6 billion, and the plan is 69.8% funded. The school did not contribute more than 5% of the total contributions to the plan. Copies of the CalPERS' annual comprehensive financial reports may be obtained from CalPERS.

**Funding Policy**

Active plan members are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 7.0% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2023 was 25.37%. The contribution requirements of the plan members are established and may be amended by state statute.

The School's contributions to CalPERS for the past three fiscal years are as follows:

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contribution</u>
2021	\$ 70,117	100%
2022	110,093	100%
2023	116,858	100%

**BRIDGES CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 CONTINGENCIES, RISKS, AND UNCERTAINTIES**

**Loss Contingency**

The School has received federal funds related to the Employee Retention Credit which is subject to review and audit by the Internal Revenue Service. The School has determined that the likelihood of loss in the event of a review and audit is probable based on the lack of documentation to support the credits claimed. The amount of the potential loss is calculated at \$252,131 and a contingent liability has been accrued.

**State and Federal Allowances, Awards and Grants**

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

## **SUPPLEMENTARY INFORMATION**

**BRIDGES CHARTER SCHOOL  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE – UNAUDITED  
YEAR ENDED JUNE 30, 2023**

BRIDGES Charter School, (the School) is a nonprofit public charter school serving students from kindergarten through eighth grade. It commenced operations in the beginning of the 2010-11 fiscal year. The mission of BRIDGES Charter School is to educate the whole child using a combination of innovative curriculum and instruction along with social/emotional education embedded in the program. Students will be enabled to reach their innate intellectual, creative, and leadership potentials, through our commitment to nourish curiosity, compassion, independence, resourcefulness, and respect for diversity.

The charter was granted in May 6, 2010 by the Ventura County Office of Education and the California Department of Education.

The charter school number is 1203.

The Board of Directors and the administrator for the fiscal year ended June 30, 2023 were as follows:

**BOARD OF DIRECTORS**

Member	Office	Term Expires
Katerina Yevmenkina	President	June 2026
Ozge Gunday Heerma	Vice President	June 2024
Nikkie Hashemi	Parliamentarian	June 2026
Nicole Taylor	Secretary	June 2024
Keith Wheeler	Member	June 2024

**ADMINISTRATORS**

Kelly Simon	Director
Tami Peterson	Chief Business Official

**BRIDGES CHARTER SCHOOL**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)**  
**YEAR ENDED JUNE 30, 2023**

	Second Period Report Certificate # D453FEB0		Annual Report Certificate # 9C3DF3F4	
	Classroom Based	Total Regular ADA	Classroom Based	Total Regular ADA
TK/K-3	126.59	164.90	127.31	165.93
Grades 4-6	96.34	114.13	97.35	115.85
Grades 7-8	44.73	46.86	44.10	46.38
ADA Totals	<u>267.66</u>	<u>325.89</u>	<u>268.76</u>	<u>328.16</u>

*See accompanying Independent Auditors' Report and the Notes to Supplementary Information.*

**BRIDGES CHARTER SCHOOL  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2023**

Grade Level	Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
Grade K	36,000	44,000	176	In Compliance
Grade 1	50,400	51,645	176	In Compliance
Grade 2	50,400	51,645	176	In Compliance
Grade 3	50,400	51,645	176	In Compliance
Grade 4	54,000	54,085	176	In Compliance
Grade 5	54,000	54,085	176	In Compliance
Grade 6	54,000	56,182	176	In Compliance
Grade 7	54,000	56,182	176	In Compliance
Grade 8	54,000	56,182	176	In Compliance

*See accompanying Independent Auditors' Report and the Notes to Supplementary Information.*

**BRIDGES CHARTER SCHOOL  
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

June 30, 2023 Annual Financial and Budget Report Net Assets	\$ 2,537,662
Adjustments and Reclassifications:	
Post Closing Entry - Recording Contigent Loss and Liability	<u>(252,131)</u>
June 30, 2023 Audited Financial Statement Net Assets	<u><u>\$ 2,285,531</u></u>

*See accompanying Independent Auditors' Report and the Notes to Supplementary Information.*

**BRIDGES CHARTER SCHOOL  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**PURPOSE OF SCHEDULES**

**NOTE 1 SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)**

Average daily attendance is a measurement of the number of pupils attending classes of the School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

**NOTE 2 SCHEDULE OF INSTRUCTIONAL TIME**

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of the California Education Code. Since the School offers only an independent study program, therefore, minimum instructional minute requirements are not applicable.

**NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS**

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
BRIDGES Charter School  
Thousand Oaks, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of BRIDGES Charter School (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated October 31, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

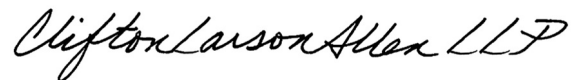
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Glendora, California  
October 31, 2023



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors  
BRIDGES Charter School  
Thousand Oaks, California

### **Report on State Compliance**

#### ***Opinion on State Compliance***

We have audited BRIDGES Charter School (the School) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, applicable to the School's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the School complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

#### ***Basis for Opinion on State Compliance***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for State Compliance***

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's state programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of state programs as a whole. In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the School's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the School's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the results of testing of internal control over compliance and the results of that testing based on the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Glendora, California  
October 31, 2023

**BRIDGES CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

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***Section I – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section II – State Compliance Findings***

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Our audit did not disclose any matters required to be reported in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**BRIDGES CHARTER SCHOOL  
SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2023**

There were no findings for the prior year.



